(b) whether it is also a fact that 100 per cent ownership is allowed only if Federation of Indian Industries invests an additional $45 million in the venture over an amount of $ 5 million normally required; and

(c) whether Government are planning to remove these irritants in order to encourage free flow of investment in the stock market?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) In pursuance of the Government's commitment to liberalise the FDI regime, it has been decided to further liberalise the FDI guidelines in respect of Non-banking Finance Companies (NBFC) sector. Foreign investors can now set up 100% operating subsidiaries without the condition to disinvest a minimum of 25% of its equity to Indian entities, subject to bringing in US$ 50 million, out of which US$ 7.5 million to be brought in upfront and the balance in 24 months.

Joint Venture operating NBFCs that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capital inflow i.e. US$ 0.5 million upfront for FDI less than 51% and US$ 5.0 million upfront for FDI more than 51% and upto 75%.

FDI in the NBFC sector has also been put on automatic route subject to compliance with guidelines of the Reserve Bank of India.

Uniform sales tax in States

†3122. SHRI LAJPAT RAI: Will the Minister of FINANCE be pleased to state:

(a) whether Government are contemplating to implement "Uniform Sales-tax" scheme in all States so that there can be uniformity in all States and Union Territories;

(b) whether rates of sales-tax in some States are not justifiable as a result of which there is no uniformity among States in this regard;

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†Original notice of the question was received in Hindi.

(c) if so, the number of meetings called by Government to implement the "Uniform Sales-tax" scheme in all States immediately; and

(d) the success achieved as a result thereof and whether these have been helpful in avoiding confrontation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) to (d) Sir, in the conference of Chief Ministers held on 16.11.1999, all the States and Union Territories took a consensus decision to implement uniform floor rates of sales-tax as recommnded by a committee of State Finance Ministers. The States and Union Territories have, by and large, implemented these floor rates of sales-tax. An Empowered/ Standing Committee of State Finance Ministers monitors the implementation of this decision for which it has so far met fourteen times. Adoption of uniform floor rates of sales-tax has helped in avoiding 'tax war' amongst States/Union Territories and has resulted in increased revenue.

Nexus between customs officials and smugglers at IGI Airport

3123. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have directed Customs Officials at Indira Gandhi International Airport to search all passengers being escorted by policemen;

(b) if so, whether Government are aware that several security/ police officials are in nexus with the passengers and smuggling dutiable goods worth crores of rupees;

(c) if so, the details thereof; and

(d) the steps taken to ensure that customs/security officials' nexus with passengers is not succeeded?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) No, Sir.

(b) No, Sir.

(c) Does not arise.